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ZNR UUUUU ZZH
R 050646Z JUL 06
FM AMEMBASSY RANGOON
TO RUEHC/SECSTATE WASHDC 4767
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS
RUEHBJ/AMEMBASSY BEIJING 0985
RUEHBY/AMEMBASSY CANBERRA 9757
RUEHKA/AMEMBASSY DHAKA 4223
RUEHLO/AMEMBASSY LONDON 1679
RUEHNE/AMEMBASSY NEW DELHI 3407
RUEHUL/AMEMBASSY SEOUL 6854
RUEHKO/AMEMBASSY TOKYO 4469
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS SECTION 01 OF 02 RANGOON 000924

SIPDIS

STATE FOR EAP/MLS
TREASURY FOR OASIA: AJEWELL

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: ELAB ECON PGOV BM
SUBJECT: WORKERS STRIKE FOR HIGHER PAY

¶11. (SBU) Summary: Although Burmese law prohibits strikes, many workers successfully staged strikes for wage increases in 2005 and 2006. Lab and management peacefully resolved most strikes, and GOB officials intervened in some cases to press for resolution. As long as the strikes stay apolitical, the GOB remains in the background. This small opening does not mean, however, that Burmese workers have other rights. Rather, it merely reflects pragmatism. End summary.

Legal Framework

¶12. (U) Labor strikes are illegal in Burma. On September 18, 1988, the regime issued an order that bans the opening of strike centers and prohibits workers from blocking roads or demonstrating. In July 2004 the government mandated the formation of the Workers' Supervision Committees (WSC) at factories with over 100 workers. According to the regulation, if the factory WRC cannot resolve an issue, the Township WRC takes over responsibility, and workers must stay on the job throughout all disputes.

¶13. (SBU) Rising prices in 2005, the sudden public sector salary increase in April 2006, and the steep price rise that followed led workers at many private sector factories to demand wage increases. The new minimum wage is K.15,000 (\$11.50 at market exchange rate) per month for public sector workers, and private sector workers demanded the same wage rate. According to owners, factory workers rely heavily on overtime earnings. While GOB regulations establish overtime rates, owners can get around the regulations.

Most Strikes Resolved Without Government Interference

¶14. (SBU) Workers staged a number of strikes in 2005 and 2006, and, in most cases, won wage increases. Many strikes occurred at private garment factories located in industrial zones, and at Korean/GOB joint venture factories. Labor and management resolved most of the strikes peacefully without official involvement, such as the strikes at privately owned Inn Lay Shoe Factory and X-Square Footwear Factory in November 2005. Although they agreed to increase wages, factory owner told us their already thin margins leave little room for higher production costs, and some said they might close their operations. According to a worker contact, a few factory owners retaliated against strike organizers. He knew at least seventeen workers whom employers fired for leading strikes.

¶15. (SBU) Private sector workers receive higher wages than government factory workers because they have no pension plan or retirement bonus and must be more productive than government workers. One owner of a

large garment factory claimed that about 70% of private garment factories experienced strikes after the public sector wage increase, which they resolved without official interference. Just after the government salary increase, he resolved a strike in his factory by raising daily wages from K.100 to K.200. A Labor Law inspection officer from Yangon Division helped to mediate. With allowances, his workers now earn about K.25,000 per month (approximately \$20/month).

But Authorities Impose Limits

¶6. (SBU) A journalist contact told us that township and police authorities came to inspect a strike at a Korean-owned garment factor in May, and then stationed police officers on site to control the situation. Worker representatives met the authorities but were unable to gain agreement for increased wages. The international labor federation, ICFTU, reports that at another factory, the Rangoon commander demanded that strikers go home and threatened them with arrest. In that case, the workers did not win an increase, and police released four imprisoned strikers once they promised not to engage in labor actions again.

¶7. (SBU) On June 7, police arrested three youths at Rangoon Central Railway Station for distributing pamphlets to railway workers. The pamphlets called for an 8-hour working day, K.1000 minimum daily wage regulation of overtime wages, treatment for injuries at the workplace and permission to form a labor union in memory of the Great General Workers Strike of June 6, 1974. Sources close to the station workers told us that after the pamphlet was distributed on June 6, authorities interrogated and arrested many workers at industrial zones around Rangoon to discourage any support for labor unions.

¶8. (SBU) Comment: These strikes are not coordinated, but rather individual actions by workers trying to make ends meet in the face of rising prices. While most do not take on a political dimension, the

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GOB observes these actions closely, and will not get actively involved except to encourage employers to meet the workers' requests, reducing the chance for spreading unrest. The GOB intervenes quickly, however when actions enter the political sphere, such as a call for labor rights, or when it could become more contentious. Within these narrow bounds, striking is one of the few rights Burmese can exercise. These rights, however, do not extend to protection from retaliation by affected owners. Burmese authorities likely permit this small opening for workers as a safety valve to avoid wider protests and to prevent the complete shutdown of factories generating export revenues. End comment.